

c. The use of CDBG funds to assist a business with transferring to a different community will generally be considered as having *no* employment impact. Exceptions to this rule may include an expansion to the business as a result of, or concurrent with, the transfer; or if the business can demonstrate that it is infeasible to continue operations at the current site. If the applicant proposes to assist in a transfer of operations based on an exception to the general rule, HUD should be contacted early in the planning process to discuss the viability of such a proposal. Failure to do so could result in the application receiving 0 impact points.

d. Applicants are encouraged to use CDBG funds for projects that provide as many jobs as possible for individuals that are currently receiving public assistance. Providing employment to recipients of public assistance will help break the cycle of dependency and empower low-income citizens to take control of their lives.

2. *Feasibility.* A high-impact rating will not be given to projects that are likely to encounter feasibility issues which would hinder the timely completion of the project. Such issues include, but are not limited to: site control, zoning, public approvals and permits, infrastructure, environment, and relocation. Applicants should address these and any other applicable issues and provide documentation where appropriate.

Applicants *also must demonstrate* the reasonable likelihood of the project's success, from both a financial and employment standpoint. An analysis or market data, which indicates an inordinate risk in the undertaking of the project, will affect the overall rating of program impact.

3. *Leverage.* Leverage is defined as the amount of private debt and equity to be invested as a direct result of the CDBG-funded activity. Projects which fully conform with those requirements by providing the maximum feasible level of private investment will be considered as having appropriate leverage. The extent of firm commitments for private financing will be reviewed as well as the amount of equity investment. The project will be reviewed to determine whether CDBG funds are replacing private sources of funds. In order to receive maximum impact CDBG funds may not replace private financing. CDBG assistance must be limited to the amount necessary to fund the project without replacing CDBG funds for private funds, and equity funds should bear the greatest risk in the project.

4. *Taxes.* While not a primary factor in the evaluation of impact, projects

which will augment the applicant's tax base may have a positive effect on the rating of program impact. It is recognized, however, that good projects do not always result in increased tax revenues due to their nature.

5. *Repayment.* Where CDBG repayments are to be made in some manner to the applicant, the proposed use of those repayments for economic development purposes will be considered.

6. *Cost Reasonableness.* In order to receive a rating greater than the minimal, the costs must be reasonable, i.e., not inflated.

7. *Base Closures.* The Department recognizes that communities facing the loss of a military base may need a well-planned economic development project to help alleviate the effect of the base closure. Well-planned projects that will help successfully alleviate the economic impact of base closures will tend to have a high impact and rate well in the competition.

8. *Empowerment Zones/Enterprise Communities.* The Department is supportive of using funds from this NOFA to support projects in designated Empowerment Zones and Enterprise Communities. A project that significantly supports the strategic plan of a designated Empowerment Zone or Enterprise Community will receive a maximum impact score provided that the other factors for maximum impact are met.

(vii) *Scoring.* Individual projects often vary in the extent to which they meet the criteria outlined above. It is, therefore, difficult to precisely define those combinations of characteristics which constitute, for example, "maximum" versus "substantial" impact. Not all applications receiving a "maximum" rating will match all the criteria, point by point, in the same manner. The following standards will be applied:

MAXIMUM (up to 400 Points)

1. The analysis of market and other risk data provides reasonable assurance that the project will be successful.

2. The project will have a direct and positive impact on employment opportunities for persons from low- and moderate-income households, and the extent of that impact compares favorably with that of other applicants.

3. All appropriate feasibility issues have been addressed (including the submission of firm private financing commitments) and there is reasonable assurance that the project will be completed in a timely manner.

4. The Public Benefits, consistent with 24 CFR § 570.209(b), to be derived

from the project are considerable relative to other proposals.

5. The infusion of CDBG funds will leverage a substantial investment of private and other dollars.

6. The project costs are reasonable (i.e. not inflated).

7. CDBG funds will not replace private financing. CDBG assistance will be limited to the amount necessary to fund the project without replacing CDBG funds for private funds, and equity funds will bear the greatest risk in the project.

8. Project significantly supports the strategic plan of a designated Empowerment Zone or Enterprise Community.

SUBSTANTIAL (up to 300 Points)

The criteria for Maximum (400 Points) is met, with either of the following exceptions:

1. While the project will have a direct and positive impact on employment opportunities for persons from low- and moderate-income households, the extent of that impact is less than that demonstrated by applicants receiving the maximum rating.

2. While there are *no major* feasibility problems, there are feasibility issues which have not been fully addressed and/or may have a negative effect on timely implementation of the project. However, overall success of the project appears achievable.

In addition:

3. The Public Benefits derived from this project will be greater than that received by the majority of applicants.

4. CDBG funds will leverage more private and/or other public dollars than the majority of projects in the competition.

5. The project costs are reasonable (i.e. not inflated).

6. CDBG funds will not replace private financing. CDBG assistance will be limited to the amount necessary to fund the project without replacing CDBG funds for private funds, and equity funds will bear as great a risk as other project funds.

7. Project significantly supports the strategic plan of a designated Empowerment Zone or Enterprise Community.

MODERATE (up to 200 Points)

The project presents at least one of the following deficiencies which would affect the appropriateness of CDBG funding:

1. An analysis of the project indicates that the likelihood of the availability of other required financing is questionable.

2. There is a major feasibility issue which is likely to affect completion of the project.